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HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

SPECIAL COMMITTEE ON

BROADCASTING

Chairman: G. E. HALPENNY, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

THURSDAY, MAY 14, 1959

CANADIAN BROADCASTING CORPORATION

WITNESSES:

E. L. Bushnell, Acting President, Canadian Broadcasting Corporation;
R. L. Dunsmore, Chairman, Finance Committee, Board of Directors;
A. M. Henderson, Comptroller; and J. P. Gilmore, Controller of
Operations,

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1959

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ON
BROADCASTING

Chairman: G. E. Halpenny Esq.

Vice-Chairman: J. Flynn Esq.

and Messrs.

Miss Aitken	Fortin	Nowlan
R. A. Bell (<i>Carleton</i>)	Horner (<i>Jasper-Edson</i>)	Pickersgill
Tom Bell (<i>Saint John-Albert</i>)	Jung	Pratt
Brassard (<i>Lapointe</i>)	Kucherepa	Richard
Campeau	Lambert	(<i>Ottawa East</i>)
Chambers	Macquarrie	Robichaud
Chown	Mitchell	Rouleau
Dorion	Morris	Simpson
Fairfield	McCleave	Smith (<i>Calgary South</i>)
Fisher	McGrath	Smith (<i>Simcoe North</i>)
Forgie	McIntosh	Tremblay
	McQuillan	

J. E. O'Connor,
Clerk of the Committee.

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MINUTES OF PROCEEDINGS

THURSDAY, May 14, 1959.

The Special Committee on Broadcasting met this day at 9.30 a.m. The Chairman, Mr. Halpenny, presided.

Members present: Miss Aitken, Messrs. Bell (*Saint John-Albert*), Campeau, Chambers, Chown, Fairfield, Fisher, Flynn, Forgie, Fortin, Halpenny, Horner, (*Jasper-Edson*), Macquarrie, Morris, McCleave, McIntosh, Pickersgill, Pratt, Richard (*Ottawa East*), Robichaud, Simpson, Smith, and Tremblay—(23).

In attendance: Mr. E. L. Bushnell, Acting President of the Canadian Broadcasting Corporation, assisted by Messrs. R. L. Dunsmore, Chairman, Finance Committee, Board of Directors; A. M. Henderson, Comptroller; Barry MacDonald, Secretary, Board of Directors; J. A. Halbert, Assistant Secretary, Board of Directors; J. P. Gilmore, Controller of Operations; R. C. Fraser, Director, Public Relations; V. F. Davies, Director of Accounting Services; J. Pelland, General Accountant; and A. Watkiss, Senior Accountant.

The Chairman observed the presence of quorum and made a brief statement concerning the Subcommittee's decision to consider first the financial aspect of the Corporation's activities.

Mr. Bushnell was called and introduced Mr. Henderson who outlined the financial structure and accounting procedures followed by the Corporation.

Copies of the Broadcasting Act were distributed to Members.

Messrs. Bushnell and Henderson were questioned. Mr. Dunsmore answered questions concerning progress made by the Finance Committee of the Board of Directors in the framing of recommendations which would result in an improvement of the Corporation's financial position.

Mr. Gilmore was questioned with regard to the accuracy of the Corporation's operational budget.

At 10.55 a.m. the Committee adjourned to meet again at 9.30 a.m. Friday, May 15th.

J. E. O'Connor,
Clerk of the Committee.

EVIDENCE

THURSDAY, May 14, 1959.

9.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum.

This morning I would like to report to the members of the committee that your subcommittee met immediately after the meeting on Tuesday morning. It was agreed that as far as possible we should try to follow a very definite pattern in our examination of the officials of the C.B.C. It was felt that one of the more important aspects of the work would be to review the financial affairs of the corporation, principally those contained in the Annual Report of 1957-1958. I myself feel it would be desirable to have from the corporation a general statement as to its policy, particularly in respect of its accounting system, with proper emphasis on the manner in which its financial operations are regulated and controlled.

Yesterday as a result of discussing this with Mr. Bushnell and his associates, it was felt it would be in the interests of the committee if we allowed Mr. Bushnell or one of his associates to make a statement on the financial aspects and in that way we would save time. If at the end of the statement you wish to ask questions you may do so. Is that agreeable?

Agreed to.

The CHAIRMAN: At this time I will call on Mr. Bushnell.

Mr. ERNEST BUSHNELL (*Acting President, Canadian Broadcasting Corporation*): Mr. Chairman, this morning we have with us Mr. A. M. Henderson, C.A., who is our comptroller and chief financial officer. He is familiar with all the financial practices of the corporation. He has been with us for some eighteen or twenty months and has had an opportunity to review the financial position of the corporation in the year 1957-1958. Also he has been able to bring our accounting practices more into line with what was requested by some of our consultants.

I should like to make it clear that the financial consultants who were engaged by the corporation were engaged prior to the time of the appointment of the Fowler commission. Mr. Henderson, however, has had a full opportunity to explore all the accounting practices of the corporations' policy before and since. Therefore, I think in the interest of brevity, I would like to ask Mr. Henderson to take over in order to explain to you—not at too great length—just what is the financial position of the corporation in that particular year and also some of the developments which since have taken place.

Mr. A. M. HENDERSON (*Comptroller, Canadian Broadcasting Corporation*): Mr. Chairman and gentlemen, I have put together a few notes designed to outline as briefly and succinctly as possible the basis of the financial structure of the corporation, its accounting system, its system of internal check, its control of expenditures, the preparation of its budget, and so on.

Mr. Chairman, if you feel it is satisfactory, I would like to run over a little bit of the background because it is important to have this in order to understand the steps now being taken under the new act. I will endeavour to do so within the space of about thirty minutes.

The CHAIRMAN: That will be in order.

Mr. HENDERSON: As Mr. Bushnell explained in his introductory remarks last Tuesday, the C.B.C. received its funds from several sources over the past years, from radio receiving set licence fees from 1936 to 1953, from statutory grants of various amounts—sometimes on an actual basis and sometimes over a term of years—from government loans which have carried provision for payment of interest and repayment of capital and from grants of amounts equal to the excise tax collected on sales of receiving sets and parts. This latter source commenced in 1953 but ceased on November 10, 1958, with the coming into force of the new Broadcasting Act.

Government loans were made to the corporation at various dates until March 1956, generally for capital purposes. In the meantime, as part of a five-year statutory provision commencing in 1951-1952, grants were made toward the operating deficit of the radio service in the amount of \$6,250,000 annually. In 1956, this was increased by an additional grant of \$12 million for the television service. The grants for 1958 and 1959 represented estimates approved on an annual vote basis to meet the operating requirements of both services.

In the six years 1954 to 1959, the corporation received from the government amounts which totalled in 1954 \$23 million up to an amount in 1959 of \$60 million. From commercial sources in 1954 it picked up \$8 million, so that its total income was \$31 million. In 1959 it picked up \$30 million to arrive at a total income of \$90 million. You will therefore note that over this six-year period the corporation increment in commercial revenue has increased from 26 per cent to 34 per cent of the total, while its income from government grants has decreased from 74 per cent to 66 per cent of its total income.

The new Broadcasting Act became effective on November 10, 1958. Under paragraph 35 of this new act the minister is required to lay before parliament annually a capital budget and an operating budget for the next ensuing fiscal year approved by the governor-in-council under the recommendation of the Minister of Finance. The effect of this on the corporation's affairs is that commencing with its fiscal year beginning April 1, 1959, the funds estimated to be needed by the corporation will be voted on an annual grant basis by parliament annually and this source will be the only one from which the corporation can obtain its needs over and above commercial revenues it can earn.

With the coming into force of this act on November 10, 1958, payments from the consolidated revenue fund of amounts equal to the taxes collected under the Excise Tax Act in respect of sales of radios and television sets and equipments ceased. We had estimated our income from this source through March 31, 1959, at \$12 million. By November 10, 1958, we had collected \$9,806,448, hence the government paid us the balance of \$2,193,552 by means of a supplementary estimate passed by parliament in March, 1959. It should also be pointed out that effective with the coming into force of the new act, revenue from licence fees collected by the corporation ceased. Our estimate for these through March 31, 1959, was \$410,000. By the time the act came into force on November 10, 1958, we had collected \$459,000 as fortunately most of the fees were payable by the first of the year.

The Broadcasting Act contained certain financial provisions under section 33(4) and 39(1) and (2).

Section 33(4)

The corporation shall in its books of account establish a proprietor's equity account and shall credit thereto the amount of all money paid to the corporation for capital purposes out of parliamentary appropriations.

Section 39(1) and (2)

(1) Upon the coming into force of this act the Canadian Broadcasting Corporation shall pay to the receiver General of Canada such part of the working capital of the corporation as the Minister of Finance determines to be in excess of \$6 million, to be applied in reduction of the indebtedness of the corporation to Her Majesty in respect of loans made by or on behalf of Her Majesty to the corporation, and the remainder of such indebtedness is hereby extinguished.

(2) The amount of the indebtedness extinguished by virtue of subsection (1) and the amount of the capital surplus of the corporation at the coming into force of this act as determined by the Minister of Finance shall be credited to the proprietor's equity account in the books of the corporation.

The proprietor's equity account provided for in section 33(4) was formally opened by journal entry on the corporation's books under date of November 10, 1958 to give effect to the transactions required under section 39(1) and (2) as and when the figures hereunder were finalized by the Minister of Finance. We furnished the minister with an interim monthly balance sheet of the corporation dated October 31, 1958 for purposes of entering into discussions with his office relative to the determination of our working capital as provided for under section 39(1) and (2). In view of the fact that this balance sheet was necessarily of an interim character in that physical inventories of supplies and various year-end accruals were not available at that date coupled with the fact that it had not been audited by the Auditor General of Canada, it was proposed that the corporation make a payment on account toward the reduction of its working capital with the balance to be settled when our year end balance sheet at March 31, 1959 was finalized and audited by the Auditor General of Canada.

This interim settlement was made on April 13 last in the amount of \$4,075,492 and as stated, is subject to final examination of our balance sheet of March 31, 1959 when certified by the Auditor General. As a result of this payment our working capital stands reduced to approximately \$6 million as determined by the representatives of the Minister of Finance.

We are at present engaged in finalizing our annual accounts at March 31, 1959 and, as Mr. Bushnell remarked in his introductory statement, it is expected that the Auditor General will shortly be in a position to verify to the correctness of our statements. These will then be considered by our board of directors in mid-June and transmitted to the minister promptly thereafter. These final statements will thus reflect the full implementation of the financial provisions of the Broadcasting Act and the final accounting under section 33(4) and section 39(1) and (2) of the new act.

Now turning to the budget estimates, I have already explained how under the financial provisions of the Broadcasting Act, section 35, it is provided that the minister shall annually lay before parliament a capital budget and an operating budget for the next ensuing financial year of the corporation. The act provides that within one year of coming into force of this act and every fifth year thereafter the corporation shall submit to the minister and the Minister of Finance, for submission to the governor in council, a five-year capital program proposed by the corporation together with a forecast showing the effect of the program on the corporation's operating requirements.

Excepting for the requirements that the five-year capital program must be submitted in this pattern in the future, the corporation has been following the practice of submitting both its capital and operating budgets to the treasury board annually for the next ensuing financial year. This is prepared in the

closing months of the calendar year for submission by the minister to the treasury board where the proposed expenditures are discussed and approved prior to their inclusion in the departmental estimates laid before parliament annually. Thus, it was during November 1957 that the corporation submitted its estimates for the fiscal year 1958-59 to treasury board, which estimates were then approved by parliament during August 1958. The total amount of these estimates as approved was \$60,140,000, consisting of \$51,491,000 for radio and television operations and \$8,649,000 for capital expenditures. Our accounting of these will be reflected in our financial statements for the year ended March 31, 1959 which, as I have stated, will be available by the end of June.

On December 1, 1958 the corporation likewise submitted its estimates for the fiscal year 1959-60 to treasury board, the total of which were included in the government estimates for 1959-60 and amounted to \$58,404,000 in respect of the net operating requirements of the radio and television services and \$9,197,000 for the capital requirements of these services including replacement of existing capital assets. Details of these figures for 1959-60 are to be tabled in parliament under section 35 of the Broadcasting Act in due course.

Turning now, Mr. Chairman, to the accounting system and procedures. Due to the rapid expansion of its operations with the advent of television in 1951 when the C.B.C.'s rate of operations was at a level of only \$11,500,000 annually compared to the figure of \$51,491,000 I just gave you for 1958, the corporation has had its full share of internal administrative problems and this was particularly true in the field of its accounting methods.

Until the end of 1957, the corporation maintained two sets of accounts, the general operating records in Ottawa and those from which the budget reports and operations were prepared in the field. During the year, expenses were recorded in the general books of account in Ottawa as they were made and accounts payable were set up at the year end so that for the year the accounts were on an accrual basis. Hence to prepare monthly statements from the general books of accounts maintained on this cash basis on the one hand, and on a commitment basis on the other, would have been meaningless.

Accordingly since methods such as these would not lend themselves to effective monthly interim accounts, it was the practice of the corporation to close its books only annually for the financial statements to be verified by the Auditor General of Canada.

Financial consultants were retained to study the situation in light of the report of the financial advisor to the royal commission on broadcasting. As a result it was recommended among other things that financial control of the corporation be improved by divorcing network from station operations and by submitting to management periodic statements of income and expenditure for each network and each station. It was agreed that these recommendations could be most readily implemented by the following steps:

- (1) The decentralization of accounting functions from head office to the regions.

- (2) A conversion of the money commitment records maintained at the regions into books of accounts based on the double entry principle.

- (3) The preparation of income and expenditure statements for each C.B.C. station, region and network by the regional chief accountants under the direction of the comptroller and the consolidation of these statements by the comptroller at head office for presentation to management.

These new procedures were brought into effect on April 1, 1958. Since that date we have issued monthly individual income and expenditure statements governing the operations of each of our wholly owned television and radio stations and each of our national and regional radio and television networks

together with a consolidated picture for the corporation as a whole, tying into a monthly consolidated interim balance sheet.

I should say at this point that certain difficulties were encountered both in the format and presentation of these monthly figures during the past fiscal year because as you can appreciate, we had no corresponding figures for the previous year with which to compare them nor could we adequately reconcile our requirements with our internal budget figures. However, these difficulties are straightening themselves out and beginning April 1, 1959 we are producing what we regard as a most informative statement of the individual operations compared with detailed figures on the same basis for the previous year and with our budget estimate for the month in question.

With regard to control of expenditures I have sought, Mr. Chairman, to outline our accounting system briefly and I will now refer to the manner in which I am able to lay its results before the management and the finance committee of our board of directors.

Each month before the close of the month following we complete an interim balance sheet and statement of income and expenditure and related statements for the corporation for each regional point broken down by the individual results of each of our radio and television stations and each of our radio and television networks, regional and national.

These statements are submitted on a consolidated basis by me and reported on in a written monthly report directing management's attention to developing situations along with constructive comments toward their solution. Thus, we have the facts before us on which immediate remedial action can be based. Special attention is given to what we might call routine type expenses such as travelling, telephones, overtime and the like which can so often get out of line in an organization as far flung as ours. In addition, numerous special studies are under way regularly in my department both in head office and in the regions on which I also report in these monthly submissions.

It is particularly heartening to me as comptroller that these reports are examined and discussed exhaustively with my associates and they are also the subject of detailed reviews with Mr. R. L. Dunsmore, the chairman of our finance committee, and his associates when the finance committee of our board of directors meets monthly.

In the same manner in which I report in this way on a consolidated basis for the corporation as a whole at head office, the regional chief accountants in St. John's, Halifax, Montreal, Toronto, Winnipeg and Vancouver, who are responsible to me for their accounting direction, are reporting on their own regional statements to the directors of the respective regions.

In my opinion this type of operation from an accounting standpoint is decentralization at its best. The more you can break down expenses in an operation like ours by department, and by objects, and do so by means of comprehensive monthly accounting control statements to be placed in the hands of operating management, the better control you have over expenditures. Figures in this way diagnose a developing situation before the event, which is the time to check it.

I am very pleased with the way in which my head office accounting staff, the regional chief accountants and their staffs across the country have responded to the many changes we have made and the enthusiastic manner in which they are discharging their responsibilities at all levels.

As comptroller, my role is that of chief financial officer of the corporation and this involves sharing the responsibility with the president and vice-president in the signing of all cheques and agreements even though, as in the case of any large organization, this work must be delegated in certain areas. Nevertheless, the responsibility is mine to see that the financial and accounting implications are in order before any commitments are made. I should

mention also that we also maintain a continuing internal audit of our head office and regional operations in accordance with a program of work approved by the Auditor General of Canada.

Evaluation and costing of budgets.

I have already mentioned how our annual budgets require to be submitted to treasury board in the closing months of each calendar year. This year is a particularly heavy one for us in this regard because not only do we have to submit the five-year forecast to the minister by next November, but we have also to be specific in respect to the first of these five years which will be our 1960-61 budget estimate both for the operating and capital requirements of the radio and television services. This year we want to have our entire capital and operating budget plans evaluated, costed and apportioned internally as between our various departments before we meet to discuss them with the officials of treasury board in the fall.

As you can appreciate, preparation of budgets six to eight months in advance of the beginning of a fiscal year is not easy. And it is further complicated by the fact that on the television side the business is essentially seasonal, that is, programming is comparatively light during the six months following April 1, before the winter schedules begin around October 1. This means that in spreading our available funds throughout the year, we must be very careful to see that we have an adequate carry-over into the winter months. We would have liked to see our fiscal year altered to run from, say July 1, or October 1, which is the way an ordinary corporation would meet this problem. However, this is impractical so long as we are required to conform to the treasury board schedule I have referred to.

Our evaluating and costing of the operational planning, which is the backbone of our budgets is done in an orthodox manner in consultation with the operating people at all levels in the regions following which the planning is evaluated and costed and the finished figures submitted to our budget committee at head office, then to management, and to the finance committee of the board of directors for ultimate approval. As you will appreciate from your knowledge of our affairs, we are required on the operations side to estimate our gross expenditures in both services which we do by departments and objects of expense based on our program planning, then to estimate the commercial revenue we expect to earn. This latter is an extremely difficult thing to do just at this time because we do not know what impact private stations competition is likely to have on our revenue in the future from commercial operations.

Having carried forward our evaluating and costing over the year ahead, we then determine our immediate monetary availability ahead over quarterly intervals by costing up our product, i.e., our program schedule by application of our standard costs. This procedure serves as a cross-check on our apportionment of the year's budget and as such is of importance to us because of the sudden shifts which are likely to occur on very short notice in our program schedule. Unlike a manufacturing company which if its sales are falling can keep the goods on the shelf and sell them next week or next month, we cannot do this. Our commodity is time and this does not keep. If we have to cancel a sponsored program and replace it with a national service one to cover, let us say, a Springhill disaster, or something of that kind, then we not only lose the entire revenue involved from the sponsor, including our package price and time charges, but we have to turn around and pay the full cost of its replacement without any revenue recovery at all. The impact of shifts like this can have a most devastating effect on a carefully planned budget.

The corporation's record in living within its operating budgets has been a particularly impressive one over the years and this will embrace the results

for the year ended March 31, 1959. On the capital expenditure side the results have been even more impressive in that the corporation has not actually expended more than 73 per cent of its annual budget in any of the past four fiscal years. As I have already stated, the unexpended portion of these grants whether relating to capital or operations are refunded to the receiver general following certification of our annual accounts by the Auditor General of Canada.

Mr. Chairman, I have endeavoured to outline the major aspect of these things which are my responsibility in the corporation. If there are any questions I should be pleased to do my best to answer them.

Mr. SMITH (*Calgary South*): Mr. Chairman, are we going to be able to obtain transcripts of these statements or any other statements that we are likely to have, in advance of their presentation? It is very difficult to follow something as lengthy as that without having it in advance.

The CHAIRMAN: I think this is about the last of the statements and if we feel it is advisable after this to have statements from the C.B.C.—I think we can arrange for sufficient copies for the committee.

Mr. BUSHNELL: May I say, Mr. Chairman, that we had no prior information as to what procedure you would wish to follow. Probably we assumed that you might wish to go into the program field next; and I must say that it was only after your sub-committee met on Tuesday, that we were aware of the fact that the financial aspects of our work would be required for this morning. So this has been done, I must admit, rather hurriedly; and I apologize for not having copies of it.

The CHAIRMAN: I am sure the committee understands.

Mr. FLYNN: Mr. Chairman, Mr. Bushnell mentioned that Mr. Henderson had been appointed to his present post prior to the report of the Fowler commission. Would you say that Mr. Henderson was appointed to follow the recommendations of this commission, since he occupies the position of chief financial officer?

Mr. BUSHNELL: I might say that while we have had as treasurers Mr. Bramah and his assistant Mr. Schnobb, the strain during the early months of television was rather heavy, and unfortunately both of these gentlemen had a setback in health. Not only for that reason but for others as well, we brought in Mr. Henderson who had a very fine record in business, accounting and what not, and who has been with some very large firms in Canada.

As a matter of fact we felt it was highly desirable to have someone of Mr. Henderson's stature to head up our whole financial department. The matter had been under consideration; but when the Fowler commission actually recommended it, we certainly went along with their recommendation.

Mr. FLYNN: So we can say that their recommendation had been followed in advance?

Mr. BUSHNELL: That is correct.

Mr. PICKERSGILL: Mr. Chairman, I have about half a dozen questions which are all connected. I think it would be more convenient if I should ask a question and it be answered at that time. The first question which I would like to put to the comptroller is this: when did the system of annual appropriations start? When did parliament start making annual appropriations for the C.B.C.?

Mr. HENDERSON: I would say that would be in 1957-58.

Mr. PICKERSGILL: And there has been one each year since?

Mr. HENDERSON: Yes.

Mr. PICKERSGILL: My second question is: Mr. Bushnell stated the other day at the bottom of pages 23 and 24 of his typescript, as follows:

The corporation has always followed the practice of submitting both a capital budget and an operating budget to treasury board for its next financial year.

I wonder if Mr. Bushnell was using "always" in the sense of from the beginning, or "always" from the time when annual appropriations became necessary, because I must confess I just frankly do not know. I have always assumed up to this time that the corporation, having its own revenues, would have no occasion to be going to treasury board.

Mr. BUSHNELL: I do not think that is entirely correct. I believe actually that while we did not necessarily have to have the full approval of treasury board, nevertheless such matters were discussed with treasury board from time to time. That is according to the best of my recollection.

Mr. PICKERSGILL: I wonder if for the next meeting Mr. Bushnell would get a little precision about it. I could imagine capital projects where you would need treasury board approval.

Mr. BUSHNELL: You are speaking of the operating side?

Mr. PICKERSGILL: You said here both capital budget and operating budget. It is the operating budget in particular with which I am concerned. Personally, I have no recollection of this before 1957 and I was a member of treasury board—I was an alternate—from 1953. I wonder if we could have that.

Mr. BUSHNELL: I will check on that.

Mr. PICKERSGILL: I could easily be wrong, but I would like to know. The next question I would like to put to the comptroller is this. I looked hastily through the act again and there is nothing in it that I am able to find that says anything about these annual appropriations. The act says the corporation must submit.

Mr. HENDERSON: An annual and operating budget.

Mr. PICKERSGILL: Yes, and it is presumed on the basis of those budgets the Minister of Finance will frame his estimates. I mean there is nothing in the Broadcasting Act that obliges the government to pay anything to the corporation. That is the way I read it; am I correct in that?

Mr. HENDERSON: I am not a lawyer, sir.

Mr. PICKERSGILL: Perhaps I could direct that question to Mr. Bushnell.

The CHAIRMAN: I think he is like you; he is not yet a lawyer either.

Mr. PICKERSGILL: Well, I wonder if the chairman would get for us an opinion on that point because I read the financial provisions over and there is nothing whatever to say that the corporation will get any revenue whatsoever.

Mr. BUSHNELL: I would take it if it does not state it most clearly that it is certainly implied.

Mr. PICKERSGILL: I think there would be no quarrel about the fact it was implied. It was discussed. I have the debates here. It was discussed during the debate last year.

Mr. BUSHNELL: I remember it very well.

Mr. PICKERSGILL: The point I am getting at is this. In the circumstances, how do you go about submitting. Perhaps I should put my question direct. Does the corporation draft the estimates for submission to treasury board or does it merely draft a budget and leave the drafting of the estimate to treasury board?

Mr. HENDERSON: The corporation costs up its operational plans as to what it wishes to do in the form of memoranda, with appropriate statements of discussion leading up to the final figure. They discuss with the officials of treasury board, which leads to a meeting of them, and following their approval or disapproval of those figures, the total finds its way into the official government estimates and is accepted or not accepted. In my experience, several have been accepted and find their way into the blue book total in February of each year.

Mr. PICKERSGILL: The point is this. Do you discuss the details of your operating expenditures? I do not mean day to day details, but the objects of your expenditures and the relative amount for the various objects with the officials of the treasury board.

Mr. BUSHNELL: Yes, in broad general terms, but in no detail.

Mr. PICKERSGILL: For example, they discuss with treasury board officials whether so much will be devoted to administration and so much devoted to programming? What is the nature of this discussion?

Mr. BUSHNELL: Well, the nature of the discussion is a very simple one. We ourselves more or less decide upon how much money should be put into the program section, and how much should be put in for administration, knowing very well we have to live within the total amount. We try to break it down. We go to the officials of treasury board and say: these are our recommendations.

Now, my experience with treasury board officials has been a short one. I am not making any apology, but actually in the past our president has done this, along with the comptroller, and it has only been my experience, to have to appear before treasury board officials on one or two occasions lately. I can only tell you the results obtained from my own experience. These matters certainly are discussed. I am not going to tell you for a minute that someone might not say: well, what about this item; do you think that is adequate or inadequate. We simply say: gentlemen, these are our recommendations. In that regard my only experience is that I cannot recall at any time when the officials of treasury board have said to us: look, we do not like this or that.

Mr. HENDERSON: If I may point out, sir, the C.B.C. is a proprietary corporation under schedule "D" of the Financial Administration Act. Section 80 of the act is specific in requiring our corporation annually to submit to the appropriate minister an operating budget for the following financial year for the corporation, for the approval of the appropriate minister and the Minister of Finance. We are functioning under that section, the same as all the other corporations listed.

Mr. BUSHNELL: Crown corporations.

Mr. PICKERSGILL: In other words, by submitting that budget, it is recognized that the officials of treasury board have a perfect right to criticize your budget and suggest there should be changes in it or, perhaps, that something should be eliminated? I think I should direct that question to Mr. Bushnell.

Mr. BUSHNELL: I think the officials have a perfect right to make any suggestion they are inclined to make.

The CHAIRMAN: That is with the original total budget?

Mr. BUSHNELL: Yes, with the original total budget.

The CHAIRMAN: If treasury board approves the total budget and breakdown, you could juggle that to a degree without going back to treasury board?

Mr. BUSHNELL: Yes.

Mr. PICKERSGILL: I have not the estimates here before me. Perhaps I should have looked at them. However, you have more assistants than I have. Is not the estimate a single figure? In other words, the corporation gets a global sum of money and can spend it any way it likes, notwithstanding the recommendations made by treasury board?

Mr. BUSHNELL: Not entirely.

Mr. PICKERSGILL: In what respect is that not correct?

Mr. BUSHNELL: In this respect: that we expect to give a reasonable breakdown within three or four objects, and that is all.

Mr. PICKERSGILL: Well, could you or perhaps the comptroller give us an indication of what that breakdown is?

Mr. HENDERSON: We submit our budgets to treasury board, with all the normal detail so as to permit an intelligent understanding of what we are doing, why we want the money and what it is going to cost. We submit it in accordance with what we might describe as our broad policy areas. We have the program area, the distribution and the administrative area. We set our figures up in such a way that it relates what we want to spend against what we spent last year. We set down our reasons and that forms the basis for our discussions with them. We have to set the figures up in some pattern of that type.

Mr. PICKERSGILL: The point I am getting at is that you set them up in that type in order to make as convincing a case as you can to treasury board, although you are not bound at all by those divisions within the item. If you find you are short in one respect and over in another, you can transfer them without reference to treasury board.

Mr. HENDERSON: If we do break it up into two or three captions, we would be expected to live within the total of those captions. If we have a large figure for programming we can switch that around as we see fit. We have to have that manoeuvrability for the reasons I have already given.

Mr. PICKERSGILL: In order to save time, could you read the headings which are in the estimates for 1959-60?

Mr. CHAMBERS: It is set out here in the blue book:

Grant in respect of the net operating requirements of the radio and television services \$58,404,000

Grant for the capital requirements, including the replacement of existing capital assets, of the radio and television services .. \$9,197,000

The international short wave broadcasting service is broken down.

Mr. PICKERSGILL: That is a government service. I think I know the answer to that. If you get an item, as long as you spend within that item, you can spend it in any way you like, without any further reference to treasury board. In other words, it would then appear, although you make a guess to treasury board for the purpose of giving them illustrative figures to justify the global amount required, once they have that amount it is up to you to spend it to the best of your ability without any further reference to the board.

Mr. HENDERSON: Yes, unless we find we are going over or under and a revised estimate is called for. We may take one off in the course of the year to see how we are doing. We may be over in one and under in another.

Mr. PICKERSGILL: I have a couple more questions, particularly in connection with the control of expenditures, in which I am very interested. In connection with the control of expenditures, I think the comptroller said this was discussed with the chairman of the finance committee and the board

of directors. Is the control of expenditures discussed in any way with any civil servants, with anyone at all in the government service?

Mr. HENDERSON: The answer is this: I report both to the president and vice-president, who are members of the finance committee and to Mr. Dunsmore, who is the chairman.

Mr. PICKERSGILL: There is no review by treasury board?

Mr. HENDERSON: To my knowledge, none at all.

Mr. PICKERSGILL: I have one final question. When you go before treasury board, as you did last November—I think you said last November—to present your request for the new estimates for 1959-60, did you have any discussion with them? I do not mean the global amount, but about the details of the previous year's expenditures?

Mr. HENDERSON: We could only show an estimate of how the previous year's estimates were going to come out. The figures were not final at that time, and they are not today. However, they will be final in a week's time.

Mr. FLYNN: Could you give those general figures for 1958-59?

Mr. HENDERSON: I can only say they are within the amount that was voted for that year. We are pleased to report they will be within the grant and we shall be refunding money to the government.

Mr. SMITH (*Calgary South*): Is the information I requested at the last meeting available? I had asked for a breakdown in administrative costs as compared to operating costs.

Mr. BUSHNELL: No, Mr. Smith. That will take time and we hope to have that information for you shortly.

Mr. SMITH (*Calgary South*): I have a question concerning the projection of figures. In his statement Mr. Bushnell discussed the projection, which is not completed; and its implication on operating costs, as he says in his report, will be taken into consideration. I think anyone would be concerned about a deficit, but I am concerned with its relationship from one year to the next. Is there any projection made by you or the corporation as to where you expect to be in the next five, ten or perhaps more years in relation to this deficit?

My second question is this. I notice your finance committee recommends to the board proposed changes in your operation to meet the financial position of the corporation. Could you give me any indication of the projection of the deficit in round figures and any indication as to what recommendations have been made to improve the financial position of the corporation by the finance committee?

Mr. BUSHNELL: First, I think we should define the word "deficit". I take it you are speaking of the amounts that are voted by parliament; is that correct?

Mr. SMITH (*Calgary South*): Yes.

Mr. BUSHNELL: Not having any very large crystal ball, I would hesitate very much to project what these amounts might be in succeeding years because it is a very changing medium. There are many aspects that could change the amount we might require or that we might think we require. However, there is this one safeguard, if you like; you have heard this term "our five-year capital plan" used time after time, and we are in the midst of preparing it. Now then, when that is submitted, and if it is approved—obviously your operating requirements, the amount of money that you will require, are to some extent predicated upon the amount of capital you spend, because there is little point in getting a lot of money with which you cannot do anything in terms of studios, extension of coverage and that sort of thing.

I would hesitate very much even to suggest at this time what we feel our requirements will be certainly for more than the next five years, until this five-year capital plan has been looked into very carefully.

Mr. SMITH (*Calgary South*): Perhaps I had better ask you a direct question. Then, actually, to date you have made no estimate of what it might be?

Mr. BUSHNELL: None, other than the projection that we came up with for the Fowler commission, which may well have to be revised in the light of economic conditions and other matters.

Mr. SMITH (*Calgary South*): What about my second question. What recommendations have been made to the financial committee? Could the information as to how to improve the financial position of the corporation be tabled?

Mr. BUSHNELL: By that do you mean how to improve the financial position?

Mr. SMITH (*Calgary South*): I am quoting from your statement and, perhaps, not too accurately.

Mr. BUSHNELL: Where was that?

Mr. SMITH (*Calgary South*): On page 16. It is the responsibility and the function of the finance committee to:

Recommend to the board, or in an emergency to the executive committee, on proposed changes in any C.B.C. operation to improve the financial position of the corporation.

Have you received any recommendations in connection with any improvements?

Mr. BUSHNELL: May I answer your question, Mr. Smith, by saying that you must not overlook the fact—I hope you do not—that this new board of directors was created only on November 10 and had its first meeting on December 4. Despite all the expertness they may have—and we have some very fine persons on that finance committee, as I said before, headed by Mr. Dunsmore—they have not had a full opportunity of studying our operations and I think it would be pointless for them to make recommendations so early.

Mr. SMITH (*Calgary South*): I appreciate that; but may I suggest that perhaps it is conceivable the similar group which operated before may have made some recommendations. Have those been acted upon? I recognize you have improved your position from your commercial operations. You gave us the figures. I am wondering if there were any other recommendations presented to you?

Mr. BUSHNELL: Not as yet.

The CHAIRMAN: Perhaps we should ask Mr. Dunsmore when he thinks he may be able to make some recommendations, whether it will be in the next month, or year, or two years.

Mr. R. L. DUNSMORE (*Chairman of the Finance Committee*): Well, Mr. Chairman, I would like to repeat what Mr. Bushnell has said, that we require a background of the financial operations in the broadcasting field. We are like the man who was carving a piece of wood and someone asked him what he was carving. He said "a horse". The man asked him: "how do you do that if you have not a model?" He said "I cut away the things that do not look like a horse. He might have been guided by the approbrium that is connected with a certain part of the horse, and cut away that part—which would be a great mistake, as that part of the horse is very necessary to the horse". So we are still in the throes of trying to see all the parts that belong to this particular type of business.

The CHAIRMAN: Have you yet found a model?

Mr. DUNSMORE: Seriously, Mr. Henderson covered it by saying he is now in the position where he can make a comparison of this year's results with last year's; and on the basis of that it should be possible to come up with something constructive for the broadcasting financial structure within the next six months.

Mr. PICKERSGILL: May I ask a supplementary question and direct it to Mr. Bushnell. Is this horse on the payroll?

Mr. BUSHNELL: May I answer by saying maybe a part of it.

Mr. FISHER: Do I understand from what Mr. Henderson has read that for a number of years the C.B.C. has been well within its budget and has returned money to the government?

Mr. HENDERSON: Not every year; but it has lived within the funds that have been given to it. There might have been some extraordinary situation develop where they had to go back. I would have to check the record in that connection.

Mr. FISHER: You do not know how often in the last decade you have had to have extra or supplementary votes?

Mr. HENDERSON: Offhand, I cannot speak specifically, but it has operated within the last several years out of the money it has been given; and this year we will come out again.

Mr. FISHER: Well, this may be exemplary from an accountancy point of view, but might not this be an indication of over-caution? Also, where it is concerned with this, might it not also operate as sort of a brake in both programming and administrative expenditures?

Mr. BUSHNELL: No, I would not think so. In spite of the fact that it has been suggested that we are not very good businessmen at times, we are given a certain amount of money to spend in the first place. We may recommend we need so much money for the objectives for which we were created and progressively, I must admit quite frankly, year after year we have tried to build up the national system; and once that money has been voted we stay within those limits. Maybe our only fault has been that we have not asked for enough.

Mr. FISHER: What happens when you get a situation like, say this year, where you have rather extraordinary expenditures in connection with the royal visit? A huge block of money is probably going to go to broadcasting football games, for which you will have to take a large contract.

Mr. BUSHNELL: Do not make any predictions.

Mr. FISHER: When you have large block expenditures like those within a year, does that not bump down and, under your present system where you have the big general vote, lead to a sort of cutting in minor and fringe items?

Mr. BUSHNELL: That is not necessarily so. Let us take the royal visit. As a matter of fact, we had a fair indication that it was coming along and we made provision for it. In connection with football, no contract has been signed and there is a possibility it might not be, in spite of some of the statements that have been made in the press. But, within reasonable limits, provision is made in advance; and when these special events come along, the money is actually there to provide for them.

Mr. FISHER: I was looking at it in another way. You have no difficulty in taking care of exceptional program expenditures, and such things have no bad or poor effect upon your other operations.

Mr. BUSHNELL: Let me put it to you this way. We put a few dollars by in the sock in case something unexpected happens. If it happens, the money is there; if it does not, we are at liberty to spend it in other ways, or keep it as a surplus.

Mr. SMITH (*Calgary South*): How large is the sock?

Mr. BUSHNELL: It is not very big.

Mr. BELL (*Saint John-Albert*): How did the strike affect your revenues? I would not call that a special event.

Mr. BUSHNELL: I think Mr. Henderson has some figures in connection with that. However, Mr. Bell, I would prefer it if you would let us take that under consideration and report to you later.

Mr. BELL (*Saint John-Albert*): That will be all right.

Mr. FISHER: May I follow up, Mr. Chairman, on something that linked with something which Mr. Smith was asking. It is in connection with your capital budget. The Fowler commission recommended some kind of five-year plan. In so far as the act is concerned, your decision is that you will continue to go on a one-year basis, but within this one-year basis you would have to plan on the capital side of it for a longer period. When you have gone to treasury board with your capital budget is it correct that they have been quite willing to consider the fitting of the capital program for one year into a long range picture?

Mr. BUSHNELL: Mr. Henderson, would you comment on that.

Mr. HENDERSON: The act provides for a five-year forecast which, as you say, comes up this year. As I said, the first year will be specific; the remaining four years will be what we expect we are going to have to spend on capital account, and at the same time what the operational cost implication is going to be in connection with that planning. As I understand, they are not approving that, but it adds to the extension of our annual requirements. If we say we are embarking on this approach over the next five years and going to spend so much money during the first year, we will be given a tacit approval that we can spend the first instalment, knowing the four will follow.

Mr. FISHER: Suppose you were going to extend your television network to cover the hinterland, which holds the interest of quite a number of members; this would have to be done on a long-range forecast. If the forecast is being presented this year, it should give us an indication as to what the plans of the corporation will be in that particular regard.

Mr. HENDERSON: Yes, that is the purpose of it.

Mr. McCLEAVE: I have several questions in elaboration of a point which Mr. Henderson made, that in his opinion it would be preferable if the fiscal year were changed to a different period. First of all, I would appreciate it if he would pursue again the advantages of such a change. I think one suggestion was that it would start on July 1.

Mr. HENDERSON: As any accountant knows, it is one of the fundamentals to want to have your fiscal year coincide with your business year, particularly if your business is of a seasonal trend. It is beneficial to have the full impact of the season in the centre of it. In this way you are able to plan all your financial matters or accounting work in a more orderly fashion and it would be more logical, so far as our operations are concerned, if we were to have it run from July 1 or October 1.

However, by virtue of the requirements imposed on a proprietary corporation, a crown corporation, under the Financial Administration Act, it necessitates our doing our estimating eight months before the fiscal year starts. To make this change we would have to be eighteen months ahead. Because

July 1 would not tie in with November, we would get further than ever behind and that would make our forecasting even tougher than it is.

The CHAIRMAN: Have you made representations to Treasury Board to change it this year?

Mr. HENDERSON: We have discussed it with them, Mr. Chairman, and we fully appreciate their problem. Accordingly, we have adapted ourselves to it, and we are operating, I would say, reasonably satisfactorily under the established pattern.

Mr. McCLEAVE: You do say if you were to change it it would be of no advantage to you at all, do you agree?

Mr. HENDERSON: Yes, it would be six of one and half a dozen of the other, in a situation of this kind.

Mr. CHAMBERS: In view of this five-year capital program which is to be presented shortly, has there been a sort of hold-back on capital expenditures until that long-range program is brought down?

Mr. BUSHNELL: No.

Mr. CHAMBERS: Then we should not expect any considerable increase in capital expenditures in the future, after this program comes down? It will be a continuing affair?

Mr. HENDERSON: Yes, very definitely.

The CHAIRMAN: Mr. McIntosh?

Mr. MCINTOSH: I have a supplementary question to Mr. McCleave's. I would like to ask the comptroller how he can estimate ahead of time if he has not got what the previous expenditure was?

Mr. HENDERSON: The expenditure in the previous period we have already budgeted for, and for each month. Under the system I have outlined, we are watching our performance. So we are able to make a pretty shrewd guess how we are going to come out, for comparative purposes.

Mr. MCINTOSH: You are forecasting your estimates for next year on your estimates of last year?

Mr. HENDERSON: That is the usual way to estimate what you are going to spend in the future, to look at what you have spent in the past.

Mr. MCINTOSH: You do not know what you spent in the past?

Mr. HENDERSON: We have a very close estimate of what we spend because we kicked off at the beginning of the year with an established budget. Each month we match what we have actually spent against what we estimated we would spend for that month. We know eleven months ahead what we are going to spend. Looking at our operation and discussing it with the operating people, we are able to work out a fairly correct estimate of what our final expenditures are going to be.

Around the end of December it is quite easy to say what we think we are going to wind up with on March 31.

Mr. MCINTOSH: If you find out that you have additional moneys you can appropriate that to some other expenditure not included in your original budget?

Mr. HENDERSON: We are able to do that provided we are within the limits of our total grant.

Mr. DUNSMORE: The corporation recently established a budget committee and this budget committee, along with its other duties, will sit down every three months and review the actual expenditure against the budgeted expenditure.

If such a thing as the Springhill disaster, or anything of that sort, injected itself into the operation and distorted our expenditures from what we had originally budgeted for, an adjustment is made at that time by the budget committee. From there on you adjust it yourself to meet the rest of the year within the framework of the budget.

The CHAIRMAN: Prior to the formation of this group of which you are speaking, how had you been on budgetary control—within a quarter of one per cent or something like that?

Mr. HENDERSON: Extremely close. I think Mr. Gilmore has the exact figure on that.

Mr. J. P. GILMORE (*Controller of Operation, Canadian Broadcasting Corporation*): For the current fiscal year, under one per cent so far as we are able to forecast at the moment on the operating side of the budget; and this operating side is tied in to the programming schedule, which is costed and compared, so that we can compare the actual budget as we go along through the year. This is estimated because the schedules change approximately in line with the quarterly period of the year.

Mr. FISHER: I am interested in the liaison that is established with the board of broadcast governors in so far as your budget requirements are concerned. While I see you shaking your head, Mr. Bushnell, I think the object and the purpose of the board of broadcast governors is to ensure the continued existence and efficient operation of the national broadcasting system. You are part of that system. Certainly, there are regulations and controls but, of course, they have not been exerted yet, but they could have an influence on your economy. How is that going to be worked out?

Mr. BUSHNELL: I must admit quite frankly, that is a matter which has not been worked out in any detail as yet, although we have had several meetings with the board of broadcast governors. We have told them as clearly as possible what we think our requirements are likely to be.

Actually, the board of broadcast governors has no control whatsoever over our expenditures. However, it is conceivable that the board of broadcast governors might, in its wisdom, make a decision which would have some effect on our expenditures.

Mr. FISHER: This was one of our fears.

Mr. BUSHNELL: All right; but, on the other hand, let me put it to you this way, that we are working very closely with the board of broadcast governors, and are keeping them informed as to the plans we have, so they will know what we have in mind and we will know what they have in mind. As a matter of fact, I think it will work out extremely well.

The CHAIRMAN: Mr. Smith?

Mr. SMITH (*Calgary South*): Mr. Chairman, it has been said, in looking at the income account of the corporation, that you do not clear the sizeable proportion of a commercial account from production charges that you actually should. This is a charge often levelled by your critics. It has been said in some instances there are programs from which you actually recover only 15 to 20 per cent of the production charges. There was a reference made to this in the recent commission.

I wonder if you could give an explanation as to whether there is authenticity to that statement?

Mr. BUSHNELL: Yes, there is some authenticity but certainly not 15 to 20 per cent, I can assure you of that. We have a very definite scale of charges, based on several factors. Actually, I think it would be more appropriate if we put them before you at some later date.

The CHAIRMAN: I was going to suggest, Mr. Bushnell and Mr. Smith, that if we hold that aspect until we discuss programming—which, I would imagine, will be immediately after we are through with the financial operations of the C.B.C.—and if it is suitable to the Committee we will allow that type of question to stand.

Mr. SMITH (*Calgary South*): Oh, fine. It is just that it is related to the cost of operation, and that is the reason why I introduced it at this stage.

Mr. BELL (*Saint John-Albert*): Mr. Chairman, I would like to ask a general question about the percentage of your expenditures that is related to salaries. How does that compare with other years of operation? Is there a trend, in any way, up or down, as a percentage of your expenditures; and how does it compare with other corporations—similar businesses—of course, always realizing that perhaps this is a special type of operation?

Mr. BUSHNELL: I should think, Mr. Bell, as in other businesses, there has been a natural increase; but percentage-wise the amount expended on salaries, to the best of my knowledge, is about the same for last year as it was in previous years.

Obviously, the economic situation, our agreements with unions, create a natural increase, but percentage-wise, of our total expenditure, I think this remains very much at approximately the same level.

Mr. BELL (*Saint John-Albert*): Then the increase in salaries is comparable, in a general way, with other types of business; but may I ask how does the percentage itself compare with other businesses, as far as expenditures, the total percentage of expenditure, is concerned?

Mr. BUSHNELL: Actually I think that would be very difficult to determine, because I could not tell you, let us say with regard to Imperial Oil or General Motors, what percentage of their expenditure would be on salaries.

Mr. BELL (*Saint John-Albert*): I am sure your accounting branch would have some knowledge of that, because it is very much an element of discussion at wage agreement meetings—what percentage salaries are of the total expenditure. There must be some knowledge, sir. Do you have any access to other expert management figures in this regard, or do you merely operate with your own accounts?

Mr. HENDERSON: I would say you have to view the picture of the corporation's growth, as I mentioned, from 1951 when television started, to the point where it has reached its present size. I think its salary and wage bill compares very favourably with other large corporations, bearing in mind it is very difficult to make those comparisons and also bearing in mind the fact the C.B.C. is alone in Canada without having the benefit of any companion businesses with which you could compare it.

Within the corporation 74 per cent of the employees are unionized and, therefore, operate pursuant to union agreements. The remaining 26 per cent are management and supervisory personnel who are not members of unions.

I would say, Mr. Chairman, that the percentage of the expenditure on salaries and wages has not changed radically for the last three years, in proportion.

The CHAIRMAN: Perhaps you could check that before the next meeting?

Mr. BELL (*Saint John-Albert*): What is that?

Mr. HENDERSON: I would have to check that.

Mr. BELL (*Saint John-Albert*): I would like to have that information.

Mr. HENDERSON: We will bring that before the committee in the form of a short table.

Mr. PRATT: I take it that salaries are kept distinct from your fees paid to performers?

Mr. HENDERSON: Yes.

Mr. BUSHNELL: That is quite correct.

Mr. FISHER: In most of the government departments which we have been analyzing in committee we meet the problem of wage and salary schedules being ineffective, at times, in competing with private industry. You do not have that problem in your particular organization, or do you?

I gather in many government departments that retaining staff is a continuing difficulty. Do you have this problem?

Mr. BUSHNELL: We certainly do have that problem, yes; there is no question about it.

Mr. FISHER: How have you met it?

Mr. BUSHNELL: Let me put it to you this way. We do not believe our salary ranges are in any sense abnormal, either high nor low. We compare with other public utilities and crown corporations.

Let me say this, that at one time—and particularly in the lower and medium brackets—we had a great deal of difficulty in retaining staff. That has been adjusted now, and it is adjusted in a number of ways.

Actually, the effect of union agreements has made it necessary for us to match the amount of take-home pay—if I might put it that way—given to our supervisory and confidential staff. I must also say that there are a great many people in the corporation who seem to be rather dedicated and they do not float around looking for other jobs too often, for which we are very grateful.

During the early stages of television and at the time when private stations were being established, we did lose a number of our experts, for one reason or another. Let me give you an example: here is a chap probably in the film department, who is the supervisor of that department. He is a specialist in that field. Then, a private station opens up and they want someone. This man is experienced in programming and has probably had some experience in engineering; and this private station actually wants to put him in a position of greater importance.

We lost a lot of our people that way, particularly in the engineering and technical field. We are still losing some.

Mr. FISHER: It is not a serious loss?

Mr. BUSHNELL: I would not say it was too serious.

Mr. FISHER: You do not have to plan to meet it with any special salary inducements?

Mr. BUSHNELL: No.

Mr. FISHER: Let us look at the position from another point of view. Your comptroller said there was nothing really comparable in Canada, on a large scale, which we will agree. However, taking private radio and television stations, what sort of comparison do you get between the wages paid by the C.B.C. and private stations? Have you made any studies of that, or have you any idea what the comparison is?

Mr. BUSHNELL: No, actually, we have not any access to the salaries they pay. The only way in which we could find out would be to ask various persons in the private stations. We have a fair idea. Let me put it to you this way: that salary scales, in private stations, vary very extensively.

The CHAIRMAN: I think we might conclude that by stating that if they did not pay comparable salaries they would continually lose personnel to private stations.

Mr. SMITH (*Calgary South*): It is an interesting figure and one which I would like to see at a future meeting. I would ask for certain financial breakdowns. I would like to receive the operating costs of one or two C.B.C. stations, both the number of personnel employed and the operating costs of these individual stations. I think that might make an interesting comparison.

The CHAIRMAN: I agree that would make quite an interesting study.

Mr. SMITH (*Calgary South*): That is, if it is obtainable.

Mr. HENDERSON: I would like to take that under advisement, because, as I stated in my remarks, we only introduced this breakdown by stations, by networks, in 1958. It has since been subjected to considerable refinement and it is only for the month of April, 1959 that we will have our first real one coming out. It is coming off the books at the moment but it caught up in the year's closing.

Mr. SMITH (*Calgary South*): Up to now you have had no indication of the actual costs of a particular operation?

Mr. HENDERSON: We have an indication, and I would be prepared to provide an approximation, if you would bear with us, on that basis.

Mr. SMITH (*Calgary South*): Thank you.

Mr. HENDERSON: We will provide that concurrently with the other material.

The CHAIRMAN: Mr. Pickersgill, if you will not be too long we will go ahead with your questions.

Mr. PICKERSGILL: I have a series of questions I would like to ask, and I doubt if I could complete all of them, but I could ask one or two.

I think the first question should be put to Mr. Bushnell, and that is: has the corporation set its own figures for the estimates since 1957? In other words, have the amounts which were asked for from the government been granted without any diminution?

Mr. BUSHNELL: Since 1957?

Mr. PICKERSGILL: The comptroller told us that is when the annual appropriation started. Before that you had your own revenue, over which the government had no control.

Mr. CHAMBERS: On a point of order, Mr. Chairman, are we not getting into the area of the treasury board, which is a confidential area?

Mr. PICKERSGILL: If Mr. Bushnell feels it is an improper question, I will not press him for an answer, though I would hope that Mr. Nowlan would then give us an answer.

It will be remembered this was probably the point on which we made the strongest objection to the present act, in opposition. We said the corporation was going to be under the thumb of the Minister of Finance, and I think the trend of the answers we received this morning made that abundantly clear. I would like to know whether there are any facts to support that, whether the corporation figures—when they are submitted for its requirements—were met without question by the Minister of Finance and treasury board; or whether they were reduced. That will prove whether or not our fears are right.

I do not want to involve Mr. Bushnell—this is a political question and I recognize that—and if Mr. Bushnell does not want to answer it—

Mr. BUSHNELL: I would prefer not to.

The CHAIRMAN: I think we will have to adjourn now, but before we do, I would like to welcome Mrs. Kate Aitken, who is sitting at the rear of the room as an observer.

We are going to have to accelerate this a little bit. Shall we meet this afternoon after orders of the day or tomorrow morning? May I ask for a show of hands on the matter?

Mr. PICKERSGILL: We simply cannot sit this afternoon. There is a very important debate going on in the House of Commons.

The CHAIRMAN: Gentlemen, I would just as soon meet tomorrow morning; and let us sit from 9:30 until 11:00. Is that agreeable to the committee?

Agreed.

The CHAIRMAN: We shall meet tomorrow morning.